

RETURN

TRADE RELATIONS WITH GERMANY.

(10g)

CERTIFIED copy of a Report of the Committee of the Privy Council, approved by His Excellency the Governor General on the 14th February, 1910.

On a memorandum, dated 12th February, 1910, from the Minister of Finance, reporting the result of certain informal negotiations which have from time to time taken place respecting the tariff relations between Germany and Canada:

The Minister states that an unfortunate difference between the two countries arose in the year 1898 and has continued until the present time. The moment seems to have arrived when, although a full settlement of tariff questions may not be reached, an understanding may be come to which will to a considerable extent remove causes of friction and pave the way for a more comprehensive arrangement in the future:

That prior to the time at which the difference arose, the tariff relations between the two countries were subject to the conditions of a treaty between Her Majesty the Queen and the German Zollverein of date the thirtieth day of May, 1865:

This treaty contained no specific reference to Canada or to the British North America Provinces as then constituted. But it applied to the whole Empire. The provisions of the treaty were materially different from those which are usually found in British treaties with foreign countries. Many of the old British treaties, not specifically relating to Canada but applicable to the Empire at large, contain what are known as most favoured nation clauses. The effect of such clauses is that the British Government guarantees to the contracting nation the most favourable commercial advantages that may be granted to any other foreign country. The provisions of the treaty with Germany were much broader. The treaty provided that no other or higher duties should be levied in the British colonies on the products of Germany than on the products of the United Kingdom. This treaty and another of similar character were long regarded as objectionable from a colonial point of view as being an obstacle to freedom of commercial relations between the mother country and the outlying portions of the Empire. Representations from the colonies against the continuance of these treaties were made on several occasions. After the granting of a preferential tariff to Great Britain by Canada in 1897 the British Government denounced these treaties and they were terminated on the first day of August, 1898. After that date German goods were entitled to admission into Canada under the General Tariff. Germany resented this state of affairs and penalized Canada by subjecting Canadian products to the higher duties of the German tariff instead of the Conventional Tariff duties which had previously applied. Steps were taken by the Canadian Government to remonstrate against what was deemed to be an injustice to Canada. It was pointed out that the tariff relations between the United Kingdom and the colonies were matters of domestic concern with which no foreign Government could reasonably interfere; that Germany should not claim the same privileges as were granted by the Dominion to the mother land; and that Canada was granting to Germany the same terms as were granted to other foreign countries. Germany, however, refused to accept this reasoning and continued to impose the penalizing duties on Canadian products. After protracted and unsuccessful efforts to induce

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the German authorities to withdraw their demand for the same treatment as was accorded Great Britain, it was deemed necessary to apply to the products of Germany the surtax authorized by Section 7 of 'The Customs Tariff, 1897,' and accordingly regulations were made by an Order in Council of date the 28th day of November, 1903, subjecting articles, the produce or manufacture of Germany, to a surtax of one-third over and above the duties specified in the General Tariff. From that date up to the present time the products of Germany imported into Canada have been subject to the duties of the General Tariff and of such surtax, and Canadian products imported into Germany have not received the benefits in any case of the Conventional Tariff rates.

Representations have been made to the Minister from time to time by the Imperial German Consuls at Montreal as to the desirability of reaching a better understanding between the two countries. In these informal negotiations the German representatives have abandoned the contention which was the chief cause of difference between the two countries, namely, that the products of Germany should receive in Canada the same treatment as the products of the United Kingdom. In the meantime the commercial relations of Canada with foreign countries have assumed a new phase owing to the making of the Franco-Canadian commercial convention which has now gone into operation. Germany naturally desires to be admitted to the benefits of this convention on the same terms as France. The moment appears to be an unfavourable one for entering upon negotiations for a comprehensive commercial treaty with Germany. It has, however, been deemed expedient to conduct negotiations with a view to a partial arrangement which would bring about a better understanding between the two countries. The Minister, being of the opinion that it is in the interests of both countries that such an arrangement be made, has endeavoured to come to an agreement whereby the surtax of which Germany complains might be suspended, thus leaving German products to be admitted under the terms of the General Tariff, and Canada receive in return for this concession the benefits of the German Conventional Tariff upon a list of products to be specified. After considerable negotiation between the Imperial German Consul and the Minister, a list of Canadian products to which the benefits of the German Conventional Tariff may be applied has been agreed upon.

The Minister submits a draft of a proposed agreement to be entered into between the Imperial German Consul, on behalf of the German Government, and the Minister of Finance on behalf of the Government of Canada, and recommends that he be authorized to sign such agreement.

The Committee submit the same for approval.

RODOLPHE BOUDREAU,

Clerk of the Privy Council.

AGREEMENT entered into this day of February, 1910, between Dr. KARL LANG,
Imperial German Consul for Canada, representing herein the Imperial German
Government,

Party of the one part,

and Honourable WILLIAM STEVENS FIELDING, Minister of Finance of Canada,
representing herein His Excellency the Governor General of Canada acting in
conjunction with the King's Privy Council for Canada,

Party of the other part:

It is hereby respectively agreed, on behalf of the Imperial German Government
and of His Excellency the Governor General of Canada acting as aforesaid, that—

1. The Imperial German Government shall concede to articles the produce or
manufacture of Canada, enumerated in the schedule hereto attached, upon their
importation into Germany, on or after the first day of March, 1910, the Conventional
Tariff rates of duty;

2. The Governor General of Canada acting as aforesaid shall, under the authority
of section 7 of the Act of the Parliament of Canada, 'The Customs Tariff, 1907,'
suspend the surtax imposed under regulations made by the Governor in Council of
date the 28th day of November, 1903, from application to articles the produce or
manufacture of Germany imported into Canada on or after the 1st day of March,
1910, and, in consequence, during the continuation of this Agreement, articles the
produce or manufacture of Germany shall be admitted on their importation into
Canada on or after the said 1st day of March, 1910, at the rates of duty imposed by
the General Tariff;

3. This Agreement is a provisional one, and the question of a general convention
for the regulation of commercial relations between Germany and Canada shall be
deferred for consideration at a time that may be found mutually convenient;

4. If, after a reasonable time, a commercial convention such as is contemplated
by the next preceding clause has not been entered into, then either of the principals
herein represented may, if it is deemed desirable, terminate or cancel the respective
concessions granted in pursuance hereof on giving to the other two months' notice of
intention so to terminate or cancel.

Done in duplicate at the City of Ottawa.

In testimony whereof the said parties have hereunto subscribed their names on
the day first mentioned.

Imperial German Consul for Canada.

Minister of Finance of Canada.

SCHEDEULE.

Canadian Products to be admitted into Germany at Conventional Tariff rates.

No. of the German general tariff.	Article.
2.	Wheat and spelt.
3.	Barley;
4.	Oats;
18.	Red clover seed, white clover seed and other clover seed.
19.	Grass seeds of all kinds.
47.	Other fruits: Fresh: Apples, pears, quinces, unpacked; packed; Apricots, peaches; Plums of all kinds, cherries, mazards, medlars, Strawberries. Raspberries, currants, gooseberries, blackberries, myrtles, elder- berries, juniper berries, and other edible berries.
48.	—Dried or kiln-dried (cut up and peeled or not): Apples and pears, including waste capable of use. Apricots and peaches, Plums of all kinds, Loose or in casks or sacks weighing at least 80 kilogs, gross weight. Packed in other ways. Other dried or kiln-dried fruit.
76.	Timber: Sawn longitudinally or prepared in some other way, not planed: Hard, Soft.
83.	Wood for casks (staves and headings), also pieces of wood roughly shaped recognizable as these articles, not painted nor planed: Of Oak, Other hard wood, Of soft wood.
100.	Horses:
103.	Horned cattle (live weight).
104.	Sheep (live weight).
108.	Meat, excluding bacon: Fresh, even frozen, Simply prepared, Prepared more delicately for the table.
123.	Marine crustaceans, living or not, including those merely boiled, or salted, whether shelled or not: Lobsters and crayfish (gross weight).
126.	Greases and grease-like fats (hogs lard, goose grease, beef-marrow, oleomargarine, and other analogous fats).

SCHEDULE—*Con.*

Canadian Products to be admitted into Germany at Conventional Tariff rates—Con.

No. of the German general tariff.	Article.
162.	Meal, baked or roasted or not: Meal of grain, excepting oats, meal of malt (with the exception of baked or roasted malt meal), meal of rice or pulse.
208.	Condensed milk, with or without addition of sugar.
219.	Alimentary and consumable articles of all kinds (except beverages) in air tight receptacles so far as they are not subject to higher rates of duty as such.
316.	Calcium carbide, carbide of aluminum, carbide of silicon, carborundum and carbides of metals not otherwise mentioned.
349.	Wood spirit (methylic alcohol) crude: aceton, crude.
350.	Wood spirit, refined; refined aceton, formaldehyde in aqueous solution.
545.	Leather, half or entirely dressed, whether prepared or not, unenumerated elsewhere: Of a net weight of more than 3 kilogs, each piece: Entire hides or half hides with the heads, necks, bellies and hoofs unseparated; head, neck and belly pieces, and hoofs, as well as horse hide and pig leather, without regard to the weight of the piece. Backs (bend leather).
556.	Footwear of leather of all kinds, including that made from hides with the hair still on, and those made from fish or reptile skins: With soles of other materials than wood: Weighing more than 1,200 grammes per pair. Weighing more than 600 grammes and up to 1,200 grammes per pair; also boot uppers of leather of all kinds, with elastics, without regard to weight. Weighing 600 grammes or less per pair.
650	Semi-pulp (semi-paste for the manufacture of paper or cardboard), soft or solid, whether bleached or dyed or mixed with mineral materials, glue, etc., or not: Of wood, straw, esparto or other vegetable fibres: Of mechanical wood-pulp; Of chemical wood-pulp (cellulose); pulp of straw, esparto or other fibres.
651	Millboard (pasteboard), moulded or pressed cardboard, also pasteboard formed by gluing together sheets of cardboard: Cardboard glazed (pressboard) and other highly smoothed cardboard, leather board and other fine cardboard, whether dyed in the paste or not; vulcanized fibre. Chemical or mechanical wood-pulp cardboard, even of steamed wood, solidified by rolling (brown wood cardboard, called leather board), straw board, grey straw cardboard (Schrenzpappe), turf cardboard, any other coarse cardboard not elsewhere enumerated whether dyed in the pulp or not.

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OTTAWA, February 8, 1910.

DR. KARL LANG,
Imperial German Consul,
Montreal, Que.

DEAR DR. LANG,—In the somewhat informal negotiations which we have had respecting the tariff arrangements between Germany and Canada, having in view the suspension of the surtax by Canada and the granting of the conventional tariff by Germany on the specified list of Canadian products, such an arrangement would be carried out on the part of Canada by an order of His Excellency the Governor General in Council, acting under the provisions of an Act of the Parliament of Canada entitled The Customs Tariff, 1907. Before signing the proposed agreement I shall obtain the consent of His Excellency the Governor General in Council for such purpose.

It is important that I should know that you have a similar authority from your Government to make the arrangement on the part of Germany. I shall be glad to have your assurance that you are fully authorized for this purpose and that, on your signing the memorandum of agreement which you contemplate, immediate action will be taken by the German Government for putting it into effect.

W. S. FIELDING.

OTTAWA, February 11, 1910.

Hon. W. S. FIELDING,
Minister of Finance,
Ottawa.

DEAR MR. FIELDING,—In reply to your letter of the 8th instant, with regard to the informal negotiations which we have had respecting the tariff arrangements between Germany and Canada, having in view the suspension of the surtax by Canada and the granting of the conventional tariff by Germany on the specified list of Canadian products, I have the honour to assure you that I am fully authorized by my Government to make the arrangement contemplated, and that, on my signing the memorandum of agreement, immediate action will be taken by the German Government for putting it into effect.

DR. KARL LANG,
Imperial German Consul for Canada.

AGREEMENT entered into this fifteenth day of February, 1910, between Dr. KARL LANG, Imperial German Consul for Canada, representing herein the Imperial German Government,

Party of the one part,

and Honourable WILLIAM STEVENS FIELDING, Minister of Finance of Canada, representing herein His Excellency the Governor General of Canada acting in conjunction with the King's Privy Council for Canada,

Party of the other part:

It is hereby respectively agreed, on behalf of the Imperial German Government and of His Excellency the Governor General of Canada acting as aforesaid, that—

1. The Imperial German Government shall concede to articles the produce or manufacture of Canada, enumerated in the schedule hereto attached, upon their importation into Germany, on or after the first day of March, 1910, the Conventional Tariff rates of duty;

2. The Governor General of Canada acting as aforesaid shall, under the authority of section 7 of the Act of the Parliament of Canada, 'The Customs Tariff, 1907,' suspend the surtax imposed under regulations made by the Governor in Council of date the 28th day of November, 1903, from application to articles the produce or manufacture of Germany imported into Canada on or after the 1st day of March, 1910, and, in consequence, during the continuation of this Agreement, articles the produce or manufacture of Germany shall be admitted on their importation into Canada on or after the said 1st day of March, 1910, at the rates of duty imposed by the General Tariff;

3. This Agreement is a provisional one, and the question of a general convention for the regulation of commercial relations between Germany and Canada shall be deferred for consideration at a time that may be found mutually convenient;

4. If, after a reasonable time, a commercial convention such as is contemplated by the next preceding clause has not been entered into, then either of the principals herein represented may, if it is deemed desirable, terminate or cancel the respective concessions granted in pursuance hereof on giving to the other two months' notice of intention so to terminate or cancel.

Done in duplicate at the City of Ottawa.

In testimony whereof the said parties have hereunto subscribed their names on the day first mentioned.

DR. KARL LANG,

Imperial German Consul for Canada.

W. S. FIELDING,

Minister of Finance of Canada.

SCHEDULE.

Canadian Products to be admitted into Germany at Conventional Tariff rates.

No. of the German general tariff.	Article.
2.	Wheat and spelt.
3.	Barley;
4.	Cats;
18.	Red clover seed, white clover seed, and other clover seed.
19.	Grass seeds of all kinds.
47.	Other fruits: Fresh: Apples, pears, quinces, unpacked; packed; Apricots, peaches; Plums of all kinds, cherries, mazards, medlars, Strawberries. Raspberries, currants, gooseberries, blackberries, myrtles, elder- berries, juniper berries, and other edible berries.
48.	—Dried or kiln-dried (cut up and peeled or not): Apples and pears, including waste capable of use. Apricots and peaches, Plums of all kinds, Loose or in casks or sacks weighing at least 80 kilogs, gross weight. Packed in other ways. Other dried or kiln-dried fruit.
76.	Timber: Sawn longitudinally or prepared in some other way, not planed: Hard, Soft.
83.	Wood for casks (staves and headings), also pieces of wood roughly shaped recognizable as these articles, not painted nor planed: Of Oak, Other hard wood, Of soft wood.
100.	Horses:
103.	Horned cattle (live weight).
104.	Sheep (live weight).
108.	Meat, excluding bacon: Fresh, even frozen, Simply prepared, Prepared more delicately for the table.
123.	Marine crustaceans, living or not, including those merely boiled, or salted, whether shelled or not: Lobsters and crayfish (gross weight).
126.	Greases and grease-like fats (hogs lard, goose grease, beef-marrow, oleomargarine, and other analogous fats).

SCHEDULE—*Con.*

Canadian Products to be admitted into Germany at Conventional Tariff rates—Con.

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162.	Meal, baked or roasted or not: Meal of grain, excepting oats, meal of malt (with the exception of baked or roasted malt meal), meal of rice or pulse.
208.	Condensed milk, with or without addition of sugar.
219.	Alimentary and consumable articles of all kinds (except beverages) in air tight receptacles so far as they are not subject to higher rates of duty as such.
316.	Calcium carbide, carbide of aluminum, carbide of silicon, carborundum and carbides of metals not otherwise mentioned.
349.	Wood spirit (methyl alcohol) crude: acetone, crude.
350.	Wood spirit, refined; refined acetone, formaldehyde in aqueous solution.
545.	Leather, half or entirely dressed, whether prepared or not, unenumerated elsewhere: Of a net weight of more than 3 kilogs, each piece: Entire hides or half hides with the heads, necks, bellies and hoofs unseparated; head, neck and belly pieces, and hoofs, as well as horse hide and pig leather, without regard to the weight of the piece. Backs (bend leather).
556.	Footwear of leather of all kinds, including that made from hides with the hair still on, and those made from fish or reptile skins: With soles of other materials than wood: Weighing more than 1,200 grammes per pair. Weighing more than 600 grammes and up to 1,200 grammes per pair; also boot uppers of leather of all kinds, with elastics, without regard to weight. Weighing 600 grammes or less per pair.
650	Semi-pulp (semi-paste for the manufacture of paper or cardboard), soft or solid, whether bleached or dyed or mixed with mineral materials, glue, etc., or not: Of wood, straw, esparto or other vegetable fibres: Of mechanical wood-pulp: Of chemical wood-pulp (cellulose); pulp of straw, esparto or other fibres.
651	Millboard (pasteboard), moulded or pressed cardboard, also pasteboard formed by gluing together sheets of cardboard: Cardboard glazed (pressboard) and other highly smoothed cardboard, leather board and other fine cardboard, whether dyed in the paste or not; vulcanized fibre. Chemical or mechanical wood-pulp cardboard, even of steamed wood, solidified by rolling (brown wood cardboard, called leather board), straw board, grey straw cardboard (Schrenzpappe), turf cardboard, any other coarse cardboard not elsewhere enumerated whether dyed in the pulp or not.

DR. KARL LANG,
W. S. FIELDING.

